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SUBJECT: THIS WEEK IN ALBANIA, MAY 17-23, 2008

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11. (U) The following is a weekly report prepared by Embassy Tirana's local staff to provide political and economic context and insight into developments in Albania.

POLITICAL DEVELOPMENTS

12. (U) CHANGE, YES WE CAN: The newest Albanian political group, led by former civil society activist Erjon Veliaj, made its debut on Albania's public scene this week. Surrounded by hundreds of mostly young supporters, Veliaj said that the goal of the movement is not to create another traditional political party, but rather to establish a civic alliance among successful and well-respected regular citizens who want to revitalize Albania at this turning point in its democratic development. The group's platform is founded on bringing together successful professionals and entrepreneurs who can lead the way toward new political values. "We're not a political party. We're the non-party of non-voters," Veliaj said, claiming, "We want to talk about the right to dream and the courage to hope," rising beyond the failed expectations since the fall of communism 17 years ago. Refusing to be tied to a conventional label of right or left and pledging to do away with "the national sport of cynicism," Veliaj added that the mission is to bring Albania into the club of solidly well-functioning democracies. "To achieve this goal, Veliaj said, we have brought together some of the brightest minds in this country. We will never promise what we cannot do, but we will keep every promise made. This is our New Covenant with Albania." Asked to name his top priorities, Veliaj mentioned schools, hospitals, and Albanian emigrants' right to vote. Asked to name his opponents, he answered: "the party of apathetic citizens and the governance of today."

13. (U) Veliaj often notes that he believes U.S. presidential hopeful Barack Obama is an example to follow and emulate. While many in Albania don't notice the similarities, Veliaj's political discourse is saturated with Obama's themes. Asked whether he considers his national challenge similar to Obama's, Veliaj rushed to answer: "Certainly - Change, change is our motto. Obama is our story of inspiration." Veliaj's personal story is strikingly similar to Obama's - raised without a father, he also began his public career with civic action, working to mobilize marginalized citizens. Unlike the U.S. candidate, however, he has yet to prove his substance or skill as a political leader. Veliaj has also never hidden his close association with SP Leader Edi Rama and their similar styles show in Veliaj's political parlance and demeanor. Many analysts have accused Veliaj of "style over substance," noting that he has yet to establish himself as a successful politician rather than community organizer. Others perceive G99 as an avenue that exploits the split between Rama and his former coalition ally Ilir Meta (Chair of Albania's third-largest political party, the Movement for Socialist Integration, LSI). Aside from any

controversy, G99 represents a new development in Albania's political scene, the true impact of which will be judged by future successes.

ECONOMIC DEVELOPMENTS

¶4. (U) UNDER CONSTRUCTION! TRANSPORTATION WOES: The first thing that most newcomers to Tirana notice on their way in from the airport is the chaotic traffic of cars and pedestrians. A series of connecting highways, town streets, sidewalks and bridges are currently under construction or being updated, creating a lack of proper signage, creative parking opportunities, and some interesting driving practices.

¶5. (U) Tirana's Deputy Mayor recently emphasized that the future of Tirana is public transportation over private vehicles, and the municipality is striving to reduce the number of cars and level of pollution. Even though the use of public transportation has risen over the years, its quality has not significantly improved. The main mode of public transportation, the bus system, remains overcrowded and uncomfortable, lacking air conditioning in the summer months. Rates are scheduled to increase by half at the beginning of next month. Transportation may get more expensive for car owners too, as gas prices continue to rise.

¶6. (U) OIL TENDER MOVES FORWARD: The Ministry of Economy unsealed offers this week in the public bidding for a majority stake in the state-owned company ARMO, which produces and processes oil derivatives. Out of the 25 who had earlier expressed interest in buying ARMO, just four companies submitted bids to acquire an 85 percent stake in the company. The highest bid was submitted by a consortium including the U.S.-based refinery Associates of Texas and a local Albanian company, offering \$200 million and pledging a further investment of \$360 million over the next four years for

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rehabilitation and expansion.

¶7. (U) This offer was considerably higher than that of the remaining bidders, UK oil services company Petrofac, independent trader Vitol, and Czech-based Financial Group, Penta Investments. Albanian authorities will now consider the offers based on both price and investment and business plans before negotiating a contract with the top-ranking bidder. However, the offer price will remain the main criterion for the ranking of bids.

¶8. (U) Many hope this is the first step towards a happy end for ARMO's privatization process, which has been plagued by problems. This was the second attempt to privatize ARMO following a failed 2004 tender that did not reach the minimum price set by the Government at \$15 million. Clearly these are different times, as interest in oil projects has increased with the price of oil. The government was delighted that the highest offer exceeded expectations, and was reported to be privately pleased with the outcome following rumors of a covert attempt to expand Russian influence through Albanian oil. The tender was generally praised as transparent and fair, but not everybody was happy. Members of the opposition had urged the government to postpone the procedure, arguing that ARMO could be sold at a higher price later if the surge in oil derivatives prices continues. Albanians have a saying, "Good beginnings are indicative of a positive outcome," which we hope will be proven true in this case.

ALBANIAN PERCEPTIONS

¶9. (U) AMERICA - THE THRILL IS THERE: The following anecdote proves the popular saying, "Albanians are more pro-American than Americans." An Albanian living in Austria since 1999, now an Austrian citizen, visited the U.S. in April and had the following to say: "One thing left an extraordinary impression from America. Here, you feel a man like all others, no matter who you are. You speak as you like. All are friendly and courteous. Police are very friendly. My God, I told a cousin in New York one day, I feel like hugging all of them for how well-behaved and caring they are. That

won't happen in Europe. Europe is very racist; I've grown wary of it. America seems to belong to all. I am enjoying the freedom of this place every day. In short, I will go back with the best impressions of this country and I will always love it. I promised myself to come here every year. As you can see, I have fallen in love with this place, where man feels freer than in his own country."

JOKE OF THE WEEK

19. (U) At G99's inaugural event this week, its leader Erion Veliaj broke the ice with this joke, a reference to his opinion of the level of trust in the government with Albanian property: A businessman was trying to locate an on-street parking spot on Tirana's busy main road. Finally, he parked his car right in front of the Prime Ministry, located conveniently next door to the popular hotel where his meeting was to be held. Security guards approached him to say "Sir, you can't park here! Remove your car!" After a moment's thought he answered, "Thanks anyway, but I think it's safe. I just installed an anti-theft alarm system."

WITHERS